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282248Z Feb 05

ACTION AF-00

INFO	LOG-00	NP-00	AID-00	CA-00	CEA-01	CIAE-00	COME-00
	CTME-00	INL-00	DODE-00	DOEE-00	ITCE-00	DS-00	EAP-00
	EB-00	EXME-00	EUR-00	E-00	UTED-00	VC-00	FRB-00
	H-00	TEDE-00	INR-00	IO-00	L-00	VCE-00	M-00
	AC-00	NEA-00	NSAE-00	NSCE-00	OES-00	OIC-00	OMB-00
	NIMA-00	EPAU-00	PA-00	MCC-00	GIWI-00	ACE-00	CFPP-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	FMP-00
	BBG-00	R-00	EPAE-00	IIP-00	SCRS-00	DSCC-00	PRM-00
	DRL-00	G-00	SAS-00	/001W			

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FM AMEMBASSY NDJAMENA
TO SECSTATE WASHDC 1043
INFO AMEMBASSY ABUJA
AMEMBASSY ACCRA
AMEMBASSY BAMAKO
AMEMBASSY COTONOU
AMEMBASSY LONDON
AMEMBASSY OUAGADOUGOU
AMEMBASSY PARIS
AMEMBASSY YAOUNDE
USMISSION USUN NEW YORK

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SIPDIS

DEPARTMENT FOR AF/C AND AF/EPS FOR FLEMING; USUN FOR
TAMLYN; LONDON AND PARIS FOR AFRICAWATCHERS

E.O. 12958: N/A

TAGS: [ETRD](#) [PGOV](#) [PHUM](#) [CD](#)

SUBJECT: 2005 AGOA REPORT FOR CHAD

REF: STATE 24616

1. Summary: Post submits the following for the 2005 AGOA Report to the President. End Summary.

2. Status: AGOA Eligible.

3. AGOA Trade and Investment: In 2004, Chad,s GDP was \$4.6 billion and per capita income was \$536. Petroleum now dominates Chadian exports to the United States. The Chadian Government is in the final stage of signing an agreement for a textile visa to allow Chad to qualify for third country fabric preferences for Chadian textiles to the United States.

4. Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade: The government has privatized state-owned enterprises in the sugar and insurance sectors. In 2004, the Government developed plans to privatize cotton, telecommunications, and energy parastatals. No parastatals were privatized in 2004. A new investment code to encourage and support foreign investment in Chad is being drafted. Chad has no price controls or currency restrictions. The government is implementing a civil service reform strategy aimed at enhancing personnel management. In 2004, a computerized system for revenue expenditures was put in place. The Chad-Cameroon Pipeline and other petroleum development is enhancing Chad,s capacity for trade and attracting increasing foreign interest. The bulk of American investment remains tied to the oil sector, but there is growing interest in construction, technology, and service sectors.

5. Pluralism/Rule of Law/Anti-Corruption: Chad,s democratic institutions remain weak. Irregularities marred past elections. The ruling party dominates the National Assembly. A public referendum to remove presidential term limits will be held in 2005. Long-delayed municipal elections had still not been held in 2004. Numerous political opposition parties and human rights groups operate in Chad. Rule of law also remains weak and the judiciary is vulnerable to executive branch interference. However, the Government is taking some steps to increase the capacity of the judiciary. In December 2004, magistrates were named to the newly created commercial court to handle investment disputes. A judicial oversight body has removed and fined judges for corrupt activities. Corruption continues to hinder economic growth. In July 2004, the President created a new ministry and minister responsible for monitoring and curbing corruption. The Ministry of Finance also began cracking down on corruption, primarily in the customs service.

6. Poverty Reduction: IMF approval of Chad,s Poverty Reduction and Growth Facility Program (PRGF) was delayed in late 2004 while the Government met several conditions. The

program was approved in early 2005. The World Bank Boards approved an interim PRSP in July 2000. The final PRSP has not yet been approved. Data collection on poverty is difficult to collect given the lack of infrastructure. The 2005 budget provides for the use of oil revenues in the priority development sectors of education, health care, infrastructure, and rural development, with an emphasis on poverty reduction. The first oil revenues were repatriated to Chad from a London escrow account in June 2004 and an oversight body comprised of government and non-government representatives began reviewing project proposals for the expenditure of the oil revenues in the priority sectors.

17. Human Rights/Labor/Child Labor: Chad,s human rights record remained poor. Security forces continued to commit serious human rights abuses. Arbitrary and prolonged detentions still occur. These abuses were not routine or sanctioned by the government. Nonetheless, the government rarely prosecutes members of the security forces. The government at times limited freedom of the press and assembly. Several incidents of press harassment occurred in 2004, but the independent press and radio is free to criticize the government. Child labor, largely poverty driven, remains a problem in Chad,s informal sector. There are reports that some children are trafficked into situations of forced labor. The Government, however, is involved in efforts to raise public awareness of the problem, assist

children found in these situations, and punish offenders. Several Government ministries, including Labor, Education, Justice, Social Action and the Family, and Public Security in collaboration with UNICEF are taking steps to combat the worst forms of child labor. Organized labor is recognized and active and numerous unions went on strike during 2004, most notably teachers. The Government ratified ILO 29, 105, and ILO 182.

18. Outreach: In Chad, the U.S. Embassy in N,Djamena and USAID worked with the Chadian Chamber of Commerce to organize a well-attended public information seminar on AGOA in April 2004. The Embassy also established an AGOA resource center that provides information to the general public on AGOA-eligible products and the requirements for export to the United States. In October 2004, the Embassy,s commercial section hosted one-day seminars in two cities on &Doing Business with the United States8 for Chadian businessmen and women. Also, post assisted AGOA committee and the Ministry of Commerce in drafting visa arrangement between Chad and the United States to allow Chadian textiles and apparel articles to claim third country fabric preferences under section 112 of title I of the & Trade and development act of 20008 as amended by section 3108 of the & Trade act of 20028.

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